



DEPARTMENT OF VETERANS AFFAIRS

Veterans and Survivors Pension and Parents' Dependency and Indemnity

Compensation Cost of Living Adjustments Effective December 1, 2020

AGENCY: Department of Veterans Affairs (VA).

ACTION: Notice.

SUMMARY: As required by law, VA is hereby giving notice of Cost-of-Living Adjustments (COLA) in certain benefit rates and income limitations. These COLAs affect the Pension and Parents' Dependency and Indemnity Compensation (DIC) programs. The rate of the adjustment is tied to the increase in Social Security benefits effective December 1, 2020, as announced by the Social Security Administration (SSA). SSA has announced an increase of 1.3%.

DATES: The COLAs became effective December 1, 2020, as required by 38 U.S.C. 5312.

FOR FURTHER INFORMATION CONTACT: Terrence Minyard, Pension Analyst, Pension and Fiduciary Service, Veterans Benefits Administration, Department of Veterans Affairs, 810 Vermont Avenue, NW., Washington, DC 20420, 202-632-8863. (This is not a toll-free number.)

SUPPLEMENTARY INFORMATION: Under the provisions of 38 U.S.C. 5312 and section 306 of P.L. 95-588, VA is required to increase the benefit rates and income limitations in the Pension and Parents' DIC programs by the same percentage, and effective the same date, as increases in the benefit amounts payable under Title II of the Social Security Act. VA is required to publish the increased rates and income limitations in the Federal Register.

The Social Security Administration announced a 1.3% COLA increase in Social Security benefits effective December 1, 2020. Therefore, applying the same percentage

and rounding in accordance with 38 C.F.R. 3.29, the following increased rates and income limitations for the VA Pension and Parents' DIC programs became effective December 1, 2020:

Pension

Maximum annual rates - Veterans

(1) Veterans permanently and totally disabled (38 U.S.C. 1521):

Veteran with no dependents, \$13,931.

Veteran with one dependent, \$18,243.

For each additional dependent, \$2,382.

(2) Veterans in need of aid and attendance (38 U.S.C. 1521):

Veteran with no dependents, \$23,238.

Veteran with one dependent, \$27,549.

For each additional dependent, \$2,382.

(3) Veterans who are housebound (38 U.S.C. 1521):

Veteran with no dependents, \$17,024.

Veteran with one dependent, \$21,337.

For each additional dependent, \$2,382.

(4) Two Veterans married to one another, combined rates (38 U.S.C. 1521):

Neither Veteran in need of aid and attendance or housebound, \$18,243.

Either Veteran in need of aid and attendance, \$27,549.

Both Veterans in need of aid and attendance, \$36,861.

Either Veteran housebound, \$21,337.

Both Veterans housebound, \$24,428.

One Veteran housebound and one Veteran in need of aid and attendance,
\$30,635.

For each dependent child, \$2,382.

(5) Net worth limit under 38 CFR 3.274(a):

For purposes of entitlement to VA pension, the net worth limit effective December 1, 2020, is \$130,773.

(6) Monthly Penalty Rate under 38 CFR 3.276(e)(1):

The monthly penalty rate is \$2,295.

Mexican border period and World War I Veterans: The applicable maximum annual rate payable to a Mexican border period or World War I Veteran under this table shall be the applicable rate under paragraph (1) – (4), increased by \$3,166. (38 U.S.C. 1521(g)).

Maximum annual rates – Survivor Beneficiaries

(7) Surviving spouse alone and with a child or children of the deceased Veteran in custody of the surviving spouse (38 U.S.C. 1541):

Surviving spouse alone, \$9,344.

Surviving spouse and one child in his or her custody, \$12,229.

For each additional child in his or her custody, \$2,382.

(8) Surviving spouses in need of aid and attendance (38 U.S.C. 1541, 1536):

Surviving spouse alone, \$14,934.

Surviving spouse with one child in custody, \$17,815.

Surviving Spouse of Spanish-American War Veteran alone, \$15,539.

Surviving Spouse of Spanish-American War Veteran with one child in custody, \$18,355.

For each additional child in his or her custody, \$2,382.

(9) Surviving spouses who are housebound (38 U.S.C. 1541):

Surviving spouse alone, \$11,420.

Surviving spouse and one child in his or her custody, \$14,300.

For each additional child in his or her custody, \$2,382.

(10) Surviving child alone (38 U.S.C. 1542), \$2,382.

(11) Net worth limit under 38 CFR 3.274(a):

For purposes of entitlement to VA pension, the net worth limit effective December 1, 2020, is \$130,773.

(12) Monthly Penalty Rate under 38 CFR 3.276(e)(1):

The monthly penalty rate effective December 1, 2020, is \$2,295.

Reduction for income: The rate payable is the applicable maximum rate minus the countable annual income of the eligible person. (38 U.S.C. 1521, 1541 and 1542).

Section 306 Pension Income Limitations

Veteran or surviving spouse with no dependents, \$15,845 (P.L. 95-588, section 306(a)).

Veteran in need of aid and attendance with no dependents, \$16,415 (38 U.S.C. 1521(d) as in effect on December 31, 1978).

Veteran or surviving spouse with one or more dependents, \$21,298 (P.L. 95-588, section 306(a)).

Veteran in need of aid and attendance with one or more dependents, \$21,866 (38 U.S.C. 1521(d) as in effect on December 31, 1978).

Child (no entitled Veteran or surviving spouse), \$12,956 (P.L. 95-588, section 306(a)).

Spouse income exclusion (38 C.F.R. 3.262), \$5,060 (P. L. 95-588, section 306(a)(2)(B)).

Old-Law Pension Income Limitations

Veteran or surviving spouse without dependents or an entitled child, \$13,875 (P. L. 95-588, section 306(b)).

Veteran or surviving spouse with one or more dependents, \$19,997 (P.L. 95-588, section 306(b)).

Parents' DIC

DIC shall be paid monthly to parents of a deceased Veteran in the following amounts (38 U.S.C. 1315):

One parent (38 U.S.C. § 1315(b)): If there is only one parent, the monthly rate of DIC paid to such parent shall be \$672, reduced on the basis of the parent's annual income according to the following formula:

For each \$1 of annual income which is more than \$0.00 but not more than \$800, the \$672 monthly rate shall not be reduced.

For each \$1 of annual income which is more than \$800 but not more than \$9,138, the monthly rate shall be reduced by \$0.08.

For each \$1 of annual income which is more than \$9,138, the monthly rate will not be reduced.

No Parents' DIC is payable under this table if annual income exceeds \$15,845.

One parent who has remarried: If there is only one parent and the parent has remarried and is living with the parent's spouse, DIC shall be paid under 38 U.S.C. 1315(b) or under 38 U.S.C. 1315(d), whichever shall result in the greater benefit being paid to the Veteran's parent. In the case of remarriage, the total combined annual income of the parent and the parent's spouse shall be counted in determining the monthly rate of DIC.

One of two parents not living with spouse (38 U.S.C. 1315(c)): The rates below apply to (1) two parents who are not living together, or (2) an unmarried parent when both parents are living and the other parent has remarried. The monthly rate of DIC paid to each such parent shall be \$487 reduced on the basis of each parent's annual income, according to the following formula:

For each \$1 of annual income which is more than \$0 but not more than \$800, the \$487 monthly rate shall not be reduced.

For each \$1 of annual income which is more than \$800 but not more than \$6,825, the monthly rate shall be reduced by \$0.08.

For each \$1 of annual income which is more than \$6,825, the monthly rate shall not be reduced.

No Parents' DIC is payable under this table if annual income exceeds \$15,845.

One of two parents living with spouse or other parent (38 U.S.C. 1315(d)): The rates below apply to each parent living with another parent; and each remarried parent, when both parents are alive. The monthly rate of DIC paid to such parents will be \$458 reduced on the basis of the combined annual income of the two parents living together or the remarried parent or parents and spouse or spouses, as computed under the following formula:

For each \$1 of annual income which is more than \$0 but not more than \$1,000, the \$458 monthly rate shall not be reduced.

For each \$1 of annual income which is more than \$1,000 but not more than \$1,400, the monthly rate shall be reduced by \$0.03.

For each \$1 of annual income which is more than \$1,400 but not more than \$1,700, the monthly rate shall be reduced by \$0.04.

For each \$1 of annual income which is more than \$1,700 but not more than \$2,000, the monthly rate shall be reduced by \$0.05.

For each \$1 of annual income which is more than \$2,000 but not more than \$2,300, the monthly rate shall be reduced by \$0.06.

For each \$1 of annual income which is more than \$2,300 but not more than \$2,600, the monthly rate shall be reduced by \$0.07.

For each \$1 of annual income which is more than \$2,600 but not more than \$7,225, the monthly rate shall be reduced by \$0.08.

For each \$1 of annual income which is more than \$7,225, the monthly rate shall not be reduced.

No Parents' DIC is payable if the annual income exceeds \$21,298.

These rates are also applicable in the case of one surviving parent who has remarried, computed on the basis of the combined income of the parent and spouse, if this would be a greater benefit than that specified in the rates for 38 U.S.C. 1315(b) for one parent.

Aid and attendance: The monthly rate of DIC payable to a parent per the guidelines above shall be increased by \$364 if such parent is (1) a patient in a nursing home, or (2) helpless or blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person.

Minimum rate: The monthly rate of DIC payable to any parent shall not be less than \$5.

Signing Authority:

Denis McDonough, Secretary of Veterans Affairs, approved this document on May 10, 2021, and authorized the undersigned to sign and submit the document to the Office of the Federal Register for publication electronically as an official document of the Department of Veterans Affairs.

Luvenia Potts,

Regulation Development Coordinator,

Office of Regulation Policy & Management,

Office of General Counsel,

Department of Veterans Affairs.

